

1982

COMMONWEALTH OF MASSACHUSETTS
DIVISION OF INSURANCE
ANNUAL REPORT
1982

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DIVISION OF INSURANCE
ANNUAL REPORT
1982

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The Commonwealth of Massachusetts

Division of Insurance

100 Cambridge Street, Boston 02202

HAEL J. SABBAGH
SSIONER OF INSURANCE

In accordance with Section 17 of Chapter 175 of the Massachusetts
General Laws I hereby report to the Governor and the General Court the
official transactions of the Division of Insurance for 1982.

Michael J. Sabbagh
Michael J. Sabbagh
Commissioner of Insurance

Journal of the
American
Medical Association

Vol. 100
No. 1
January 1959

Editorial: The Role of the Physician in the Community
The Role of the Physician in the Community
The Role of the Physician in the Community

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I. HIGHLIGHTS

Merit Rating Surcharges

The Commissioner adopted a new merit rating surcharge table which increased auto insurance surcharges assessed to drivers who repeatedly cause accidents or violate the motor vehicle laws. Particular attention was paid to increasing surcharges for drivers convicted of Driving Under the Influence. A driver convicted for the second time for D.U.I. is assessed a \$1,000 surcharge on his or her policy, as opposed to a \$425 surcharge under the old system. Surcharges for at fault accidents and other moving violations were also increased under the new regulation in an effort to persuade repeat offenders to change their poor driving habits.

Settlement Agreement

The Commissioner reached an agreement with Bankers Life and Casualty Company of Chicago, Illinois, after an extensive investigation by Division personnel into alleged acts of deception and misrepresentation in the sale of certain life insurance policies by agents of the company. Part of the Settlement Agreement included a \$50,000 reimbursement to the Division for the cost of the investigation. Procedures established for review of policyholders' complaints also indicated that the refund of premiums to policyholders would approach one million dollars. The agreement is the largest such settlement ever negotiated between the Division and an insurer.

Auto Rates

Rate setting for auto insurance premiums for 1983 was the last administrative action of 1982. The parties for the hearing submitted rate recommendations which ranged from 2.5% to 19.4%. The Commissioner established overall rate levels

only slightly greater than the prior year. The 3% rate hike was the smallest increase since 1979. This modest increase was offset for many drivers by a \$20 per vehicle merit rating credit, the largest credit since the inception of the program in 1976.

II. SECTIONAL SUMMARY

THE ADMINISTRATION SECTION

Administration is responsible for providing support services for the Division of Insurance, the Board of Appeal on Motor Vehicle Policies and Bonds, and the Auto Damage Appraiser Licensing Board. Services, such as; payroll, personnel, budget, revenue receipt, accounting, purchasing, and data processing are some of the major responsibilities of the section.

Fiscal Matters

The following is a five year accounting of Departmental revenue, expenditures, and average number of employees:

<u>Year</u>	<u>Revenue - FY</u>	<u>Expenditures - FY</u>	<u>Average Number of Employees-CY</u>
1982	10,213,650*	3,394,199	132
1981	8,193,176	3,339,305	166
1980	7,863,697	3,697,675	185
1979	7,131,152	3,712,000	193
1978	5,852,857	3,911,477	233

*The Fiscal 82 revenue amount of \$10,213,650 includes assessments of \$3,203,253 levied against insurance companies in 1982 for the "FY81" operating expenses of the following Agencies and Commissions:

Fire Fighting Academy.....	\$ 581,619
Merit Rating Board.....	1,839,681
Attorney Gneral/Consumer Division.....	167,981
State Rating Bureau.....	470,276
Medical Malpractice Commission.....	108,862
Special Commission on Automobile Insurance.....	<u>34,834</u>
	\$3,203,253

*The Fiscal 82 revenue amount of \$10,213,650 was raised via the following schedule:

Data Processing

Data processing services were required for the following Departmental responsibilities.

1. Agents/licensing and file updates
2. Retirements/verification of calculations
3. Company/licensing and certificates of authority
4. Financial Surveillance/management reports
5. Consumer Services/case counts and management reports
6. Personnel/employee records
7. Damage Appraiser/licensing

It should be noted that considerable system planning was devoted to the automation of the functional responsibilities of the Board of Appeal. As of the close of 1982, these efforts were ongoing. Considerable system planning, programming and testing time, was also expended in the automation of the retirement verification functions. At the close of the year, the automation of the retirement verification function was operational and in production. The responsibility for retirement verification, however, has been transferred from the Division to the new Public Retirement Board.

Special Assignment

In addition to the routine administrative functions handled by this section, on occasion special assignments are undertaken. For example, twenty eight (28) insurers were examined during the year for compliance with the Standard Merit Rating Plan.

The following is a list of those companies audited:

Aetna	Lumber Mutual
Aetna Casualty & Surety	Metropolitan Property and
Allstate	Liability
American Mutual/American Polichyolders	Norfolk and Dedham
Central Mutual	Peerless
Commercial Union	Reliance
Firemens Fund	Royal
General Accident	Safety
Great American	St. Paul Fire and Marine
Hartford	Sentry
Holyoke Mutual	State Farm
Home	Travelers
Insurance of North America	United States Fire and Marine
Liberty Mutual	Utica Mutual

Six (6) of the twenty eight (28) company audits were closed after a follow-up review of the examiner's findings.

FEE SCHEDULE

Companies & Other Organizations

Annual Statement:

approved B. reinsurer.....	\$100
approved surplus lines.....	100
foreign companies	100
fraternals	5

Certificate

annual statements	10
authority domestic Cos.	10
section 70/71	10
reports of examination	10
reading charges	5

Charter (amendment).....	50
Charter (admission).....	100
Examination(prior to licensing)	300

License

company	100
fraternal benefit society	20
motor clubs (on admission)	150
rating bureaus	25
special authority (stock - mutual)	25

Policy form (approval, endorsement, riders)	10
Service of process	5
Valuation of life policy004 per thousand
Valuation of annuity004 per thousand

Producers

License

adjuster (fire loss)	150
adviser	150
appraisers (motor vehicle)	20
agent	(annual) 18
agent (fraternal)	5/10 alternate years
agent (motor club).....	20
broker	150
broker (special)	100
Voluntary association (each trustee)	50
partnership (each partner)	50
corporation (each solicitation)	50

Note: some license categories require a testing fee, payable directly to E.T.S.

Assessments

Retirements	varies	
Fire Fighting Academy.....	varies	
State Rating Bureau	varies	
Attorney General-Consumer Service	varies	
Merit Rating Board	varies	
Special Auto Commission	varies	
Special Medical Malpractice Commission	varies	
Certificates of Finding & Order	\$ 10	
Copies of records20/40	per page tabulation
Fines & Penalties	varies	
Merit Rating Appeals	5	
Retaliatory Fees	varies	

THE CONSUMER SERVICE SECTION

Consumer Service has reported that the Springfield and Boston locations had 74,562 contacts with members of the public. Broken down into working categories, this figure represents 63,700 telephone information and service call; 3,712 walk-in complainants; and 7800 cases generated through correspondence.

Massachusetts policyholders received \$1,679,362 as a result of their contact with this office. These monies represent the following breakdown: \$11,144 premium refund; \$905,218 additional recovery; \$763,000 claim payments expedited. Over 50% of the complaints made to the Department involved areas concerning disputes with the claim amount; denials made by the company; or a delay caused by a dispute or a misunderstanding between the claimant and the insurer.

These figures do not begin to evaluate the number of times this section clarified and reviewed policy language with a consumer to help him/her understand the responsibilities of both the insurer and the insured when a loss occurs.

We have also reviewed and explained policies and coverage for citizens who desire to have a thorough understanding of a policy before purchasing it; or before a loss occurs on an existing policy.

We have sent representatives of the Department to areas undergoing human disasters i.e., major fires; a chemical spill causing gaseous clouds where people were evacuated from their homes. We are conducting an out-reach program responding to the insurance needs of the elderly. The focus here is to alert and educate senior citizens and their families regarding medicare and medicare supplement coverage; and insurance misrepresentation and fraud.

The Consumer Service Section serves and educates the citizens of this Commonwealth and offers a forum where dissatisfied or uninformed, confused consumers may be made whole, may be alerted to their rights, or may be educated to better understand policy provisions.

Financial Surveillance Section

The Financial Surveillance Section has the responsibility for monitoring insurance companies that are licensed or authorized to transact business in the Commonwealth. It is also this section's responsibility to review Health Maintenance Organizations. During 1982 two H.M.O.'s ceased to be licensed namely; Health Guard Inc. and North Quabbin Health Plan. Health Guard Inc. had never commenced business and North Quabbin Health Plan subscribers returned to Blue Cross.

As of December 31, 1982, there were 879 insurance companies authorized to transact business in the Commonwealth and 16 Health Maintenance Organizations.

The kinds of companies in the various categories are as follows:

Domestic Life	17
Domestic Property & Casualty	47
Domestic Title	2
Foreign Life	325
Foreign Property & Casualty	376
Foreign Title	12
"b" Reinsurers	60
Surplus Lines	40
	<hr/> 879
Health Maintenance Organizations	16

In addition, this section has the ongoing responsibility through the licensing area, for issuing licenses to the companies seeking admission to transact business in the Commonwealth along with the responsibility of approving mergers and amending the licenses of companies seeking broader authority in Massachusetts.

FOREIGN INSURANCE COMPANIES

During 1982 there were 51 foreign insurance companies licensed by this section to transact business in the Commonwealth.

LICENSED

FIDELITY SECURITY LIFE INSURANCE COMPANY	January 14, 1982 LIFE, ACCIDENT AND HEALTH
UNITED EQUITABLE LIFE INSURANCE COMPANY	January 14, 1982 LIFE, ACCIDENT AND HEALTH
NATIONAL HEALTH & WELFARE MUTUAL LIFE INSURANCE ASSOCIATION, INC.	January 14, 1982 ACCIDENT AND HEALTH AND ANNUITIES ONLY
FIDELITY AND DEPOSIT COMPANY OF MARYLAND (formerly F & D Company of Maryland)	January 1, 1982 PROPERTY AND CASUALTY
NATIONAL CHIROPRACTIC MUTUAL INSURANCE COMPANY	February 1, 1982 GENERAL LIABILITY
EQUITABLE LIFE INSURANCE COMPANY OF IOWA	February 12, 1982 LIFE, ACCIDENT AND HEALTH
UNION SECURITY LIFE INSURANCE COMPANY	February 12, 1982 LIFE, ACCIDENT AND HEALTH
MUTUAL SERVICE LIFE INSURANCE COMPANY	February 22, 1982 LIFE, ACCIDENT AND HEALTH
FIRST VARIABLE LIFE INSURANCE COMPANY	February 22, 1982 ANNUITIES ONLY
NORTHERN LIFE INSURANCE COMPANY	March 4, 1982 LIFE ONLY

11. OCCIDENTAL FIRE & CASUALTY COMPANY
OF NORTH CAROLINA

March 30, 1983
PROPERTY AND CASUALTY

12. EQUITABLE AMERICAN LIFE INSURANCE COMPANY

April 1, 1982
LIFE, ACCIDENT AND HEALTH

13. THE CELINA MUTUAL INSURANCE COMPANY

April 1, 1982
PROPERTY AND CASUALTY

14. EQUITY GENERAL INSURANCE COMPANY

April 9, 1982
LIABILITY OTHER THAN AUTOMOBILE

15. UNION FIDELITY LIFE INSURANCE COMPANY

February 24, 1982
LIFE, ACCIDENT AND HEALTH

16. ENTERPRISE INSURANCE COMPANY

May 14, 1982
CASUALTY INSURANCE

17. UNITED AMERICAN INSURANCE COMPANY

February 28, 1982
LIFE, ACCIDENT AND HEALTH

18. MBL LIFE ASSURANCE CORPORATION

May 19, 1982
LIFE ONLY

19. GOLDEN RULE INSURANCE COMPANY

May 19, 1982
LIFE, ACCIDENT AND HEALTH

20. PAMICO MORTGAGE INSURANCE COMPANY

May 26, 1982
CREDIT INSURANCE

21. UNITED INVESTORS LIFE INSURANCE COMPANY

April 1, 1982
LIFE ONLY

22. AETNA CASUALTY & SURETY COMPANY OF ILLINOIS

June 3, 1982
PROPERTY & CASUALTY

23. NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION

June 3, 1982
LIFE ONLY

24. TRANSAMERICA ASSURANCE COMPANY

June 3, 1982
LIFE, ACCIDENT AND HEALTH

1. THE RELIABLE LIFE INSURANCE COMPANY	July 1, 1982 LIFE, ACCIDENT AND HEALTH
2. COLONIAL ASSURANCE COMPANY	July 1, 1982 PROPERTY AND CASUALTY
3. TRANS PACIFIC LIFE INSURANCE COMPANY	June 16, 1982 LIFE, ACCIDENT AND HEALTH
4. NORTHBROOK LIFE INSURANCE COMPANY	July 20, 1982 LIFE, ACCIDENT AND HEALTH
5. THE STANDARD OF AMERICA LIFE INSURANCE COMPANY	July 20, 1982 LIFE, ACCIDENT AND HEALTH
6. REPUBLIC NATIONAL LIFE GROUP COMPANY	January 1, 1982 LIFE, ACCIDENT AND HEALTH
7. REPUBLIC NATIONAL LIFE INSURANCE COMPANY	January 1, 1982 LIFE, ACCIDENT AND HEALTH
8. GREAT AMERICAN LIFE INSURANCE COMPANY	March 31, 1982 LIFE, ACCIDENT AND HEALTH
9. CERTIFIED LIFE INSURANCE COMPANY	September 7, 1982 LIFE, ACCIDENT AND HEALTH
10. PHOENIX LIFE INSURANCE COMPANY	September 7, 1982 LIFE, ACCIDENT AND HEALTH
11. MONY PENSION INSURANCE CORPORATION	September 7, 1982 LIFE, ACCIDENT AND HEALTH
12. DEPENDABLE INSURANCE COMPANY, INC.	September 22, 1982 PROPERTY AND CASUALTY
13. LIBERTY NATIONAL LIFE INSURANCE COMPANY	September 22, 1982 LIFE ONLY
14. VIRGINIA SURETY COMPANY, INC.	June 30, 1982 PROPERTY AND CASUALTY

39. CU LIFE INSURANCE COMPANY OF NEW YORK	October 1, 1982 LIFE, ACCIDENT AND HEALTH
40. HOME LIFE FINANCIAL ASSURANCE CORPORATION	October 1, 1982 LIFE ONLY
41. MONY LIFE INSURANCE COMPANY OF AMERICA	October 20, 1982 LIFE, ACCIDENT AND HEALTH
42. FIDELITY STANDARD LIFE INSURANCE COMPANY	November 19, 1982 LIFE, ACCIDENT AND HEALTH
43. PIONEER LIFE INSURANCE COMPANY OF ILLINOIS	November 19, 1982 LIFE, ACCIDENT AND HEALTH
44. INTER-STATE ASSURANCE COMPANY, A MUTUAL COMPANY	November 19, 1982 LIFE, ACCIDENT AND HEALTH
45. CENTRAL STATES HEALTH & LIFE CO. OF OMAHA	December 6, 1982 LIFE, ACCIDENT AND HEALTH
46. USAA ANNUITY AND LIFE INSURANCE COMPANY	December 6, 1982 ANNUITIES ONLY
47. MML BAY STATE LIFE INSURANCE COMPANY	December 6, 1982 LIFE, ACCIDENT AND HEALTH
48. HOME GUARANTY INSURANCE CORPORATION	December 15, 1982 CREDIT INSURANCE
49. INVESTORS EQUITY INSURANCE COMPANY, INC.	December 15, 1982 CREDIT INSURANCE
50. MARYLAND CASUALTY COMPANY	December 20, 1982 PROPERTY AND CASUALTY
51. MONITOR LIFE INSURANCE COMPANY OF NEW YORK	December 22, 1982 LIFE ONLY

"b" REINSURERS/SURPLUS LINE

The following 5 companies were authorized as a "b" Reinsurer or a Surplus Line
any:

APPROVED

NWNL REINSURANCE COMPANY

April 1, 1982
"b" REINSURER

NUTMEG INSURANCE COMPANY

April 22, 1982
SURPLUS LINE COMPANY

THE SOUTH BRITISH INSURANCE COMPANY LIMITED

April 22, 1982
"b" REINSURER

HANESCO REINSURANCE COMPANY

December 1, 1982
"b" REINSURER

ADMIRAL INSURANCE COMPANY

December 10, 1982
"b" REINSURER

NAME CHANGES/MERGERS

The following 19 companies changed their name or merged into a new corporation:

NORTHERN NATIONAL LIFE INSURANCE COMPANY

Effective January 1, 1982 name
changed to MANHATTAN NATIONAL
LIFE INSURANCE COMPANY

STANDARD LIFE INSURANCE COMPANY OF INDIANA

Effective January 1, 1982 name
changed to INA STANDARD LIFE
INSURANCE COMPANY

COLONIAL PENN INSURANCE COMPANY

Effective January 1, 1982, the company
merged into COLONIAL PENN
INSURANCE COMPANY OF PHILADELPHIA

COLONIAL PENN INSURANCE COMPANY OF PHILADELPHIA

Effective January 1, 1982 the company
changed its name to COLONIAL PENN
INSURANCE COMPANY

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

Effective January 1, 1982 company merged
into FIDELITY & DEPOSIT COMPANY OF
MARYLAND (formerly F & D Company of
Maryland)

6. UNION FIDELITY LIFE INSURANCE COMPANY	Effective February 24, 1982, the company merged into UNION FIDELITY LIFE INS. CO., formerly Combined Fidelity Life Ins. Co.
7. INSURAMERICA CORPORATION	Effective February 16, 1982, company changed its name to GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY
8. UNITED AMERICAN INSURANCE COMPANY	Effective February 28, 1982, company merged into UNITED AMERICAN INS. CO.
9. UNITED INVESTORS LIFE INSURANCE COMPANY	Effective April 1, 1982, company merged into UNITED INVESTORS LIFE INS. CO. (formerly United Merger Ins. Co.)
10. MEDICAL INDEMNITY OF AMERICA, INC.	Effective June 8, 1982, the company name changed to BCS INSURANCE COMPANY
11. NN PROVIDENCE LIFE INSURANCE COMPANY	Effective May 18, 1982, company changed its name to PROVIDENCE LIFE INSURANCE COMPANY
12. REPUBLIC NATIONAL LIFE INSURANCE COMPANY	Effective January 1, 1982, Company's Charter dissolved. Ordinary business reinsured with Republic National Life Ins. Co. (XYZ Life Ins. Co.) and Group business reinsured with REPUBLIC National Life Group Company.
13. GREAT AMERICAN LIFE INSURANCE COMPANY	Effective March 31, 1982, Company merged into GREAT AMERICAN LIFE INS. CO., Cincinnati, Ohio.
14. VIRGINIA SURETY COMPANY, INCORPORATED	Effective June 30, 1982, company merged into VIRGINIA SURETY COMPANY, INC. (formerly Dearborn Cas. Ins. Co., Chicago, ILL.
15. EQUITABLE GENERAL INSURANCE COMPANY	Effective September 29, 1982 name changed to GEICO GENERAL INSURANCE COMPANY
16. HEALTH SERVICE, INCORPORATED	Effective May 26, 1982, company changed its name to BCS LIFE INSURANCE CO.
17. ZURICH LIFE INSURANCE COMPANY	Effective December 1, 1982, the company changed its name to DREYFUS LIFE INSURANCE COMPANY

1. CITY TITLE INSURANCE COMPANY

Effective December 1, 1982, company
changed its name to NATIONAL ATTORNEYS
TITLE INSURANCE COMPANY

1. PIONEER NATIONAL TITLE INSURANCE COMPANY

Effective December, 1982 name changed
to TICOR TITLE INSURANCE COMPANY

During 1982 the section has the responsibility of forming a new domestic
corporation:

BARNSTABLE COUNTY INSURANCE COMPANY

Authorized on May 6, 1982

THE LEGAL SECTION

During 1982, the Legal Section which includes the Special Investigation staff acted as prosecutor in 35 administrative actions against companies, agents, brokers, and motor vehicle damage appraisers. These actions sought the suspension or revocation of licenses and the imposition of monetary penalties. The staff also represented the Division at other types of administrative hearings.

The Section referred 8 civil and criminal cases to county, state, and federal law enforcement agencies and assisted in their preparation. Further, the Section aided the Office of the Attorney General on 25 court cases in which the Commissioner of Insurance was a defendant.

An extensive investigation into alleged acts of deception and misrepresentation in the sale of certain policies of life insurance by agents of The Bankers Life and Casualty Insurance Company of Chicago Illinois monopolized much of this section's time.

This work, however, resulted in the largest settlement agreement ever negotiated between the Division and an insurer. Part of the Settlement Agreement involved a \$50,000 payment to the Division by Bankers for costs of the investigation. Procedures established for review of policyholders' complaints by the Division and Bankers also indicated refund of premiums would approach one million dollars.

In addition, a substantial portion of the Section's time was devoted to serving the legal needs of other sections within the Division. Services typically included assisting the Consumer Services staff and advising the Financial Surveillance, Policy Approval, Retirement Systems and Agents and Brokers staffs. Numerous inquiries from insurance companies, agents and brokers, the public, and governmental agencies were answered.

The following laws, regulations, decisions, consent orders and receiverships also received considerable attention by this Section.

- Chap. 129 - An act relative to membership on the governing committee of the Massachusetts Motor Vehicle Reinsurance Facility
- Chap. 150 - An act further regulating the penalty for fraudulent insurance claims.
- Chap. 174 - An act relative to rate manuals for motor vehicle insurance
- Chap. 180 - An act further amending the law concerning membership on the governing committee of the Motor Vehicle Reinsurance Facility.
- Chap. 249 - An act further regulating the investments of life insurance companies.
- Chap. 275 - An act authorizing student education loans as part of certain life insurance policies.
- Chap. 276 - An act relative to savings bank life insurance - maximum amounts of.
- Chap. 280 - An act further regulating the standard form of fire insurance policies.
- Chap. 318 - An act relative to life insurance company separate accounts.
- Chap. 334 - An act relative to the standard form of fire insurance policies.
- Chap. 371 - An act relative to commissions paid to independent agents and brokers.
- Chap. 425 - An Act relative to investments of life insurance companies
- Chap. 436 - An act relative to the membership of the group insurance commission.
- Chap. 439 - An act relative to the conditions for admission of foreign life insurance companies.
- Chap. 472 - An act further regulating real estate investment limits by life insurance companies.
- Chap. 526 - An act increasing the amount of insurance on the purchase of a new or used motor vehicle on debtors of a bank, association, financial or other institution.
- Chap. 576 - An act further defining an insurance broker and insurance agent.
- Chap. 595 - An act further regulating legal services plans of insurance.
- Chap. 615 - An act relative to group insurance coverage for employees of Worcester County.
- Chap. 618 - An act relative to the standard valuation of life insurance policies.

- Chap. 640 - An Act authorizing municipal electric departments to establish self-insurance trust funds.
- Chap. 648 - An act further regulating additional group life insurance for both active and retired employees of the Commonwealth.
- Chap. 665 - An act further regulating the licensing of insurance agents and brokers by requiring continuing education.

REGULATIONS

211 CMR 79.00 Standard Merit Rating Plan.

DECISIONS

Docket

- E81-12-4 Statement of facts, Findings and Decision, and Decision on Appeal re Alfred A Ricci, Jr., resulting in denial of issuance of license.
- 82-2-1 Opinion, Findings, and Decision regarding Blue Cross/Blue Shield Medex Rates.
- R82-3-4 Filing by the Massachusetts Motor Vehicle Reinsurance Facility of proposed changes to Rule 14 of the Rules of Operation, and removal from consideration of the changes to Rule 14.
- 82-2-4 Decision granting preliminary approval of the plan to convert Worcester Mutual Insurance Company from a mutual to a stock insurance company.
- 82-4-1 Decision on Appeal of Opinion, Findings, and Decision regarding Blue Cross/Blue Shield Medex Rates.
- 82-3-3 Report to the Commissioner of Insurance Relative to the sufficiency of Competition with Respect to Automobile Insurance Rates.
- E82-5-5 Approval of Sale of Townline Insurance Agency to the partners of the Sculos and Santilli Insurance Agency.
- R82-8-1 Filing of amendment to Rule 6.2,a, Garage Insurance, by the Massachusetts Motor Vehicle Reinsurance Facility.
- 82-8-3 Filing of amendment to Rule 18,A,2, Servicing Carrier/Designated Broker Responsibilities, by the Massachusetts Motor Vehicle Reinsurance Facility
- A82-12-1 Settlement reached re Worker's Compensation Appeal - Cambridge Packing Company, Inc.

- A82-12-2 Settlement reached re Worker's Compensation Appeal - Mike Gendreau d/b/a, Mike's Welding Home Indemnity Company.
- E82-9-1 Settlement Agreement re Bankers Life and Casualty Company of Chicago, Illinois.
- R82-3-1 Opinion, Findings and Decision re Worker's Compensation Rates, and Decision on Appeal of Opinion, Findings and Decision re Worker's Compensation Rates.
- A82-6-3 Decision and Order on Appeal of Aetna Casualty and Surety Company Concerning Designated Broker Bette Zaharris.
- R82-5-1 Decision and Order Concerning Proposed Rule 18E of the Massachusetts Motor Vehicle Reinsurance Facility.
- 82-11-2 Decision Concerning the Acquisition of Control of Massachusetts Indemnity and Life Insurance Company, a Subsidiary of PennCorp Financial, Inc., by American Can Company.
- 82-10-1 Decision and Order re Massachusetts Motor Vehicle Reinsurance Facility Rule change - proposals to amend Article I - Rule 4B, Article I - Rule 4D(2), Article 4D(1) and Article VII
- 82-7-4 Decision and Order Concerning Proposed Amendment to Facility Rule of Operation 18(C)(2)(d).
- 82-10-2 Decision Concerning Application of Blue Cross of Massachusetts, Inc., and Blue Shield of Massachusetts, Inc., for Approval of Proposed Quarterly Non-Group Rates.
- 82-11-1 Opinion, Findings, Conclusion and Order re 1982 Medical Malpractice Insurance Rates.
- 82-12-7 Approval of Rules and Procedures for Disability Retirements of the Retirement Board, State - Boston Retirement System.
- 82-1-1 Investigatory Hearing Relative to a Group Mortgage Protection Life Insurance Plan Made Available by Phoenix Mutual Life Insurance Company to Massachusetts Residents.
- 82-7-6 Opinion, Findings, and Decision on 1983 Auto Insurance Rates.

CONSENT ORDERS

Docket #

- E82-2-2 RE: American Agency Life Insurance Company, T.M. Insurance Agency, Inc., of Massachusetts, David B. Lea, Jr., and Edward R. Anderson - Agreed Settlement and Consent Order resulting in assessment and compliance with terms of Commissioner.

E81-11-1 RE: Michael A. DiGregorio - Findings of Facts, Order and Decision resulting in revocation of license.

E82-4-2 RE: William D. Goodwin - Revocation of all licenses to do any insurance business in Massachusetts

E82-5-3 RE: Lawrence W. Walsh and the L.W. Walsh Insurance Agency, Inc., - Findings of Fact and Consent Order resulting in revocation of all licenses.

E82-5-4 RE: Stanley Kozaczka d/b/a New Main St. Insurance Agency - Assessment and fine for charging unauthorized administrative fees.

E82-6-2 RE: Mottard Insurance Agency et al. - Assessment and fine for charging unauthorized administrative fees.

E82-7-2 RE: Charles Zaharris - Revocation of all licenses to do any insurance business in Massachusetts.

E82-2-3 RE: Frank D. Messina - Suspension of broker's license.

E82-7-3 RE: Anthony C. Camerota d/b/a TKO Insurance Agency and John E. McDonald Insurance Agency - Assessment and Settlement Agreement.

SCHEDULE OF COMPANIES IN RECEIVERSHIP

The General Laws of the Commonwealth empower the Commissioner to institute liquidation proceedings against domestic companies for certain specified causes and apply to the Supreme Judicial Court for his appointment as receiver (R) to rehabilitate or liquidate such company and conserve its assets. Where a foreign insurer is in liquidation the Commissioner or his designee may apply to the court for appointment as ancillary receiver (A.R)

<u>Date of Receivership</u>	<u>Company</u>	<u>Receiver</u>	<u>Counsel</u>	<u>Last Date of Accounts</u>	<u>S.J.C. Docket</u>
12/17/64	Concluded Dec. 1962 Suffolk Insurance Co.	Michael J. Sabburgh as Commissioner appointed Deputy Commissioner	James Brown, Esq. 1 Post Office Sq. (482-1390)	Allowed by S.J.C. 2/17/71	Civil 175-6
06/21/74	Rockland Mutual Insurance Company	Michael J. Sabburgh Commissioner	Edward T. Dangel, Esq. 1 Post Office Sq. (423-1100)	Allowed by S.J.C. 7/10/79	Civil 174-1
12/04/74	Associated Merchants Mutual Insurance Co.	Petition to S.J.C. to appoint Victor Fankos (approved by S.J.C.)	Pinnogun & Stanzler 20 Beacon St.	None as of 12/31/81	Civil 174-1
02/20/75	Summit Insurance Co. of New York	Michael J. Sabburgh Commissioner	B.H. Plowing, Esq. 31 Milk Street (723-2010)	Interim Account Hurst & Whitney 5/1/79-8/29/79	Civil 175-6
06/03/76	Portman Marino Ins. Underwriters Ins.	Michael J. Sabburgh Commissioner	Michael S. Plold 27 State Street (227-0206)	Plold & Schultz 11/20/81	Civil 175-6
11/22/76	Century Fire & Marino	Michael J. Sabburgh Commissioner	Philip A. Mason Sears Grosvenor Bldg. Government Center (742-7020)	Interim Account Pont, Norwich, Mitchell & Company	Civil 176-6
10/31/77	Concluded Empire Mutual	Michael J. Sabburgh Commissioner	David Lipton, Esq. 10 Post Office Sq. (451-0670)	Interim Account Hurst & Whitney	Civil 177-

<u>Date of Receipt</u>	<u>Company</u>	<u>Receiver</u>	<u>Counsel</u>	<u>Last Date of Accounts</u>	<u>S.J.C. Book</u>
02/26/79	Consolidated Mutual Insurance Company	Robert J. Kelly Director Financial Surveillance	John T. Daley 73 Tremont Street (227-3600)	None as of 12/31/81 *	Civil #79-4
02/26/79	American Reserve	Michael J. Subbagh Commissioner	Inquiries to Insurance Commissioner	None as of 12/31/81 *	Civil #79-3
02/26/79	Reserve Insurance	Michael J. Subbagh Commissioner	Inquiries to Commissioner	None as of 12/31/81 *	Civil #79-3
04/15/81	Cosmopolitan Mutual Insurance Company	Michael J. Subbagh Commissioner	Inquiries to Commissioner	None as of 12/31/81 *	Civil #81-1
12/04/81	Security Casualty	Michael J. Subbagh Commissioner		None	Civil #82-1
08/05/81	Proprietors Ins. Company	Robert J. Kelly Director Financial Surveillance	Anthony M. Peoherry (Goodwin Proctor & Hart) 28 State Street, Boston	None officially (only one known claim)	Civil #82-1

* Procedures for annual accounting were established by the Commissioner of Insurance in July 1982 to be effective as of July 83.

LICENSING & FIELD AUDIT SECTION

This Section comes under the responsibility of the Second Deputy Commissioner of Insurance. It consists of the following sections:

Agents and Brokers Licensing
Agents and Brokers Examinations
Field Audit Section
Retirement Section
Fraternal Section

Agents and Brokers Licensing - This Section is responsible for the licensing of all agents, brokers, special brokers, corporations, insurance advisers and fire loss adjusters. The responsibility of this Section also includes the examination of license applications, issuance and renewal of licenses to qualified applicants and maintenance of the records of the licenses.

The testing of all applicants for Insurance Advisers and Fire Loss Adjusters is done directly by this Section.

The testing of all agents and brokers is done by Education Testing Service of Princeton, New Jersey. ETS is under contract with the Division to prepare these tests under the supervision of the Commissioner to administer them and report the results.

During 1982, a total of 23,642 new applications for agents' and brokers' licenses were processed and issued; and 85,539 agents' licenses were renewed; 16,125 agents' licenses were cancelled; also, a total of 216 new Fraternal Agents' licenses were issued.

The following statistics represent the number of other licenses issued during 1982, by this section:

Individual and Trade Names - renewal and new licenses issued	10,280
Corporation Licenses renewed	1,512

Special Brokers Licenses renewed and new licenses issued	259
Partnership licenses issued or renewed	272
Insurance Advisors licenses issued or renewed	296
Fire Loss Adjusters licenses issued or renewed	58

The following exhibit shows the number of examinations given by Educational Testing Service.

The number of applicants taking one or more tests was approximately 7,023.

<u>Type of Exam</u>	<u>No. Taken</u>	<u>No. Passed</u>	<u>No. Failed</u>	<u>% Passed</u>
Life	3,440	2,548	892	74%
Accident & Health	3,157	1,863	1,294	50%
Property	1,487	961	526	64.8%
Casualty	1,592	964	628	60.5%
Totals	<u>9,676</u>	<u>6,336</u>	<u>3,340</u>	<u>62.3%</u>

Agents and Brokers Examinations - This Section is responsible for the examination of insurance agencies and the investigation of certain complaints assigned to it, the review of applicants for Designated Brokers to the Massachusetts Automobile Reinsurance Facility, responsibility for the collection of the 4% tax on all surplus lines business placed by Special Brokers; also, the supervision of Automobile Clubs licensed by this Division.

The following exhibit shows the projects completed by this section during 1982:

Agency Examinations	19
Insurance Matters Investigated	16
Facility Applicants Investigated	54
Facility Applicants Licenses Reviewed	136
*4% Surplus Lines Premium Tax Collected	\$2,197,612
*As of April 1, 1983	

Field Audit Section - This Section is responsible for all examinations done in the field of both Life, Property and Casualty Insurance Companies, Blue Cross and Blue Shield, Retirement Systems, Fraternal Organizations organized under Chapter 176 of the Massachusetts General Laws, also the yearly policy evaluation for all Domestic Life Insurance Companies. The following exhibits show the examination completed in 1982 by this section and those in progress as of December 31, 1982:

LIFE INSURANCE COMPANY EXAMINATION COMPLETED IN 1982

<u>EXAMINED AS OF 12/31/80</u>	<u>ASSETS</u>	<u>LIABILITIES</u>	<u>CAPITAL</u>	<u>UNASSIGNED SURPLUS</u>
LIBERTY LIFE ASSURANCE COMPANY	\$103,359,121	\$110,428,521	\$1,100,000	\$16,362,168
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	9,145,238,870	8,618,843,314	-0-	495,527,555
NEW ENGLAND MUTUAL LIFE INS. CO.	6,823,014,991	6,428,892,046	-0-	393,372,943
TOTALS	<u>\$16,071,612,982</u>	<u>\$15,158,163,881</u>	<u>\$1,100,000</u>	<u>\$905,262,666</u>
<u>EXAMINED AS OF 12/31/81</u>				
ASSUMPTION MUTUAL LIFE INS. CO.	\$125,034,188	\$116,719,549	-0-	\$8,314,639
COOPERANTS MUTUAL LIFE INSURANCE SOCIETY (FORMERLY ARTISANS LIFE INSURANCE SOCIETY	15,948,145	14,973,346	-0-	1,600,000
PAUL REVERE LIFE INSURANCE COMPANY	851,556,731	759,296,329	9,800,000	45,745,004
PAUL REVERE VARIABLE ANNUITY INS.CO.	303,584,459	327,610,864	1,100,000	-46,726,065
STATE MUTUAL LIFE ASSURANCE COMPANY OF AMERICA	2,551,755,328	2,436,158,159	-0-	95,315,464
TOTALS	<u>\$3,847,878,851</u>	<u>\$3,654,758,247</u>	<u>\$10,900,000</u>	<u>\$104,249,042</u>
<u>IN PROGRESS AS OF YEAR END</u>				
MASS GENERAL LIFE INSURANCE CO.	\$108,419,796	\$ 88,030,914	4,204,222	\$5,401,244
UNITED EDUCATORS LIFE INSURANCE CO.	4,516,208	2,642,936	500,000	-1,046,728
* TOTALS	<u>\$112,936,004</u>	<u>\$ 90,673,850</u>	<u>\$4,704,222</u>	<u>\$4,354,516</u>

* Since these examinations were in progress as of 12/31/82 these figures represent the amounts

EXAMINED AS OF	ASSETS	LIABILITIES	CAPITAL	UNASSIGNED SURPLUS
12/31/80				
LIBERTY MUTUAL INSURANCE COMPANY	\$5,454,926,846	\$4,591,425,229	-0-	\$975,453,195
LIBERTY MUTUAL FIRE INS. CO.	615,462,950	401,566,657	-0-	126,363,062
LIBERTY MUTUAL INSURANCE COMPANY	44,683,331	31,036,348	-0-	14,518,157
TOTAL.	<u>\$6,115,073,127</u>	<u>\$5,124,028,234</u>	<u>-0-</u>	<u>\$1,126,334,414</u>
EXAMINED AS OF 12/31/81				
DORCHESTER MUTUAL FIRE INS. CO.	\$7,689,470	\$4,985,000	-0-	\$2,851,325
GROVELAND MUTUAL INSURANCE CO.	61,597	-0-	\$25,000	36,597
HOLYOKE MUTUAL FIRE INS. CO. IN SALEM	44,412,954	34,599,345	-0-	15,485,876
MASS CASUALTY INSURANCE COMPANY	57,202,522	41,894,068	1,200,000	15,454,722
NORFOLK AND DEDHAM MUTUAL FIRE INSURANCE COMPANY	46,597,874	34,226,970	-0-	17,680,105
WEST NEWBURY MUTUAL FIRE INS.CO.	2,484,203	1,675,309	-0-	693,812
TOTAL.	<u>\$158,448,620</u>	<u>\$117,380,692</u>	<u>\$1,225,000</u>	<u>\$52,202,437</u>
IN PROGRESS AS OF YEAR END				
ARKWRIGHT BOSTON INSURANCE CO.	\$66,809,730	\$36,870,773	\$2,350,000	* \$27,588,956
ARKWRIGHT BOSTON MANUFACTURERS INSURANCE COMPANY	702,151,645	362,637,611	-0-	* 338,264,034
ELECTRIC INSURANCE INSURANCE CO.	36,353,257	20,252,609	2,500,000	* 13,052,030
ELECTRIC MUTUAL LIABILITY INS.CO.	375,738,502	303,195,854	-0-	* 66,575,509

PROPERTY AND CASUALTY COMPANY EXAMINATIONS COMPLETED IN 1982
(CONTINUED)

IN PROGRESS AS OF YEAR END (CONT.)	ASSETS	LIABILITIES	CAPITAL	UNASSIGNED SURPLUS
MASSACHUSETTS TITLE INSURANCE CO.	\$522,228	\$38,715	\$139,192	\$217,947
UNITED STATES MUTUAL LIABILITY INS.CO.	114,534	30,059	-0-	84,476
WORCESTER MUTUAL INSURANCE COMPANY	46,385,621	24,603,772	-0-	* 21,177,660
**TOTALS	<u>\$1,228,075,517</u>	<u>\$747,629,393</u>	<u>\$7,339,192</u>	<u>\$466,960,612</u>

* Net Surplus

** Since these examinations were in progress as of 12/31/82 these figures represent the amounts from the Company Annual Statements as of that date.

EXAMINED AS OF 12/31/80	ASSETS	LIABILITIES	CAPITAL	UNASSIGNED SURPLUS
BLUE CROSS OF MASSACHUSETTS	\$501,155,151	\$398,854,583	-0-	\$102,230,568
BLUE SHIELD OF MASSACHUSETTS	205,821,730	145,391,807	-0-	60,429,923
TOTALS	\$706,976,881	\$554,426,390	-0-	\$162,730,491

Retirement Section This Section has the statutory responsibility for computing all pension allowances granted by the individual Retirement Systems as established by Chapter 32 of Massachusetts General Laws; also, various forms of assistance and guidance is given to these systems by the Director of this section and his staff.

The Section also makes an annual evaluation of the assets and liabilities of each of the 104 systems, in order that a determination may be made as to the amount of the appropriation that is required from its respective city or town to finance the cost of the system. It must also calculate the amount of expenses each system is required to pay to reimburse the Commonwealth for its expenses incurred in relation to the supervision conducted by this section over the retirement systems.

It also determines the annuity reserve of each system to determine if there is a deficit or surplus in its funds.

It also calculates interest rates which are utilized in the various retirement systems.

Chapter 630 of the Acts of 1982 created a Division of Public Employee Retirement Administration within the Executive Office of Administration and Finance. This act removed the Retirement Section from the Division of Insurance.

RETIREMENT SYSTEMS

EXAMINED IN 1982

<u>RETIREMENT SYSTEM</u>	<u>ASSETS</u>	<u>SURPLUS</u>
Berkshire County	\$6,596,253	\$284,913
Franklin County	<u>5,332,579</u>	<u>173,097</u>
TOTAL - COUNTIES	<u>\$9,928,832</u>	<u>\$458,010</u>
Adams	\$1,627,568	\$69,195
Arlington	10,838,610	396,077
Athol	1,274,249	40,769
Boston	331,297,580	8,987,710
Brockton	22,056,397	787,187
Chicopee	14,107,125	768,030
East Hampton	2,118,041	91,303
Fall River	20,119,920	628,009
Fitchburg	8,979,105	380,105
Greater Lawrence San. District	269,806	10,763
Holyoke	15,324,000	601,095
Maynard	1,437,734	57,036
Montague	1,238,756	62,296
Springfield	41,416,410	981,747
Taunton	<u>9,192,610</u>	<u>337,253</u>
TOTAL - CITIES, TOWNS AND DISTRICTS	<u>\$481,297,911</u>	<u>\$14,198,575</u>
GRAND TOTAL	<u>\$491,226,743</u>	<u>\$14,656,585</u>

Fraternal Section - This Section is responsible for auditing all annual statements filed by both Domestic and Foreign organizations operating under Chapter 176 of the Massachusetts General Laws, also, the dissolution of Fraternals operating under Sections 45 and 46 of Chapter 176 of the Massachusetts General Laws. It also has the responsibility for approval of all changes in bylaws and purposes. Also, the staff gives assistance and guidance to the officers of the organizations.

As of December 31, 1982, there were 167 organizations operating under Section 45 and 101 organizations operating under Section 46 of Chapter 176 of Massachusetts Gneral Laws; also, there were 3 Domestic Fraternals and 37 Foreign Fratenals operating under the Lodge System licensed to do business in the Commonwealth of Massachusetts.

FRATERNAL ORGANIZATIONS EXAMINED IN 1982

<u>LODGES</u>	<u>ASSETS</u>	<u>LIABILITIES</u>	<u>SURPLUS</u>
Supreme Council of the Royal Arcanum	\$30,491,538	\$21,118,022	\$9,373,516

LIFE INSURANCE VALUATION FEES

The following schedule shows the valuation fees collected in 1981 on 1981 business. These fees are collected in accordance with Section 14, Chapter 175 of the Massachusetts General Laws.

In addition, the Valuation Unit, which is made up of examiners of the Field Audit Section, in accordance with the Statutes as cited above collected \$9,680 for certificates issued in connection with the valuation of life insurance company reserves.

AM LIFE INSURANCE	\$5,201.78
ASSUMPTION	738.07
BERKSHIRE LIFE	12,760.08
BOSTON MUTUAL LIFE	25,912.44
JOHN HANCOCK MUTUAL LIFE	604,264.94
JOHN HANCOCK VARIABLE	2,546.85
LIBERTY LIFE	20,648.38
LIFE OF AMERICA	439.18
MASS. GENERAL LIFE	4,342.03
MASS. INDEMNITY AND LIFE	57,692.14
MASS. MUTUAL LIFE	229,067.62
MONARCH LIFE	11,474.97
NEW ENGLAND MUTUAL LIFE	142,171.62
PATRIOT GENERAL LIFE	1,078.08
PAUL REVERE LIFE	24,976.50
PAUL REVERE VARIABLE	2,118.54
STATE MUTUAL LIFE	69,894.77
UNITED EDUCATORS	142.28
COOPERANT'S	211.17
TOTAL	<u>\$1,215,682.42</u>

THE STATE RATING BUREAU

Late in 1975 the Massachusetts Legislature enacted Chapter 728 establishing a State Rating Bureau in the Division of Insurance and providing for the first time a strong complement of professional actuaries. In 1982 the newly legislated positions of Life Actuary and Assistant Life Actuary were filled.

The State Rating Bureau is divided into the Rating Section and The Policy Forms Section. The Rating Section is responsible for rate regulation of automobile, homeowners, Blue Cross/Blue Shield, Health Maintenance Organizations, workers' compensation and other insurance premiums. They are also responsible for the design and monitoring of rating statistical plans and for the examination of rating bureaus.

The Policy Forms Section is responsible for the verification of compliance with the life insurance non-forfeiture laws and valuations of life insurance reserves. Review and approval or disapproval of various insurance policy forms is also the responsibility of the Policy Forms Section.

During 1982, the following items were handled by the SRB:

1. Automobile Rates for 1983 - The SRB prepared a filing for 1983 rates which proposed an increase substantially below that which was proposed by the industry. The preparation of this filing was a major effort involving in-depth research with regard to every facet of the ratemaking process. Also involved was a thorough analysis of the industry filing, a technical document of over 500 pages. The SRB defended its filing during the rate hearing process which lasted several weeks. During the hearings, members of the SRB gave extensive testimony as expert witnesses regarding the various filings. Automobile insurance will generate premiums of over one billion dollars in 1981.
2. Medical Malpractice - The SRB has been involved in the annual process which results in the establishment of Medical Malpractice rates.
3. Workers' Compensation Revisions - A general rate revision in Workers' Compensation rates was reviewed. There is over \$500 million of Workers' Compensation Insurance premium. The State Rating Bureau witnesses provided expert testimony at the rate hearing. The filing of the Insurance Industry for over a 30% increase was disapproved based on that expert testimony.
4. Blue Cross/Blue Shield - Public hearings were held on rate increase requests of Blue Cross and Blue Shield (The Blues) for Medicare Supplement and non-group plans. The State Rating Bureau provided expert testimony.
5. Merit Rating Surcharges: Provided expert testimony that led to the raising of surcharges for second and subsequent offenses.
6. Homeowners: A review of the Insurance Industries experience led to a reduction in Homeowners rates for many consumers.
7. Surcharged Reinsurance: Proposed rates for a possible surcharged reinsurance program for Private Passenger Automobile. Such a program would charge bad drivers more allowing good drivers to pay less.
8. Commercial Automobile: Provided competitive Commercial automobile rate information for a buyers guide. Continued to review competitive rate filings.
9. Pensions: Calculated the appropriation for the 96 State, County, and Town Boards of Retirements.

Policy Forms Section

The Policy Forms section reviewed over 1,600 forms and over 3,000 rate filings in the Property and Casualty Insurance area.

Also, 1,400 Individual Accident and Health forms were approved, while 500 were disapproved. Three hundred group health forms were approved, while 150 were disapproved. In addition, 340 Accident and Health rate filings were accepted, while 80 were disapproved.

Two thousand three hundred individual life and annuity forms were approved, while 260 were disapproved. One thousand four hundred group life and annuity forms were approved, while 270 were disapproved.

The Life Actuarial Section is responsible for the actuarial examination of individual life and annuity forms submitted for approval and issuance in the Commonwealth of Massachusetts by seventeen domestic and two hundred seventy-eight foreign life insurance companies. It ensures that the benefits not only meet the minimum requirements of our General Laws, but that they are calculated in accordance with the method, interest rate assumptions, and mortality tables, as specified in the policy.

As major innovations are taking place in the life insurance industry, more complicated policies are submitted for approval. In addition to reviewing variable life forms (where benefits are based on the investment experience of a separate account); adjustable life (where coverage may be adjusted upward or downward as insurance needs and capabilities dictate); flexible premium non-par forms (where an insurer is allowed to prospectively reduce premiums below the "maximum guaranteed premium" based upon current expectations of future experience - necessary for stock companies to compete in long-term net cost with participating policies in these economic times); universal life and hybrid universal life products were examined and given actuarial clearance.

During 1982 three domestic mutual companies (New England Life, Massachusetts Mutual, and Assumption) and one domestic stock company (John Hancock Variable Life) submitted universal life forms which were reviewed and approved. Universal Life unbundles the protection, savings, and expense components of life insurance. The product's flexible premium payment structure and the insured's ability to increase or decrease the death benefit offer significant advantages to the insured. It is the treatment of the cash value that separates universal life from traditional whole life contracts. The cash values are calculated monthly by a retrospective formula.

Chapter 334 (effective October 10, 1982) amended Sections 9 and 14 of MGL CH175 by implementing the 1980 Amendments to the Standard Valuation and Nonforfeiture Laws adopted after 1980 by the National Association of Insurance Commissioners. The amended statutes allow new policy filings under more up-to-date mortality tables. The changes made are extensive and dramatic, but the amended laws are more suitable for current conditions under which new products may be issued, and are more directly responsive to new conditions which may develop in the future, without the need for further consideration by the State Legislature.

In addition to the new mortality rates, a radical change in the interest rate for the calculation of reserves and non-forfeiture values is defined in this law. The maximum interest rates depend on the economic index of the Moody's Corporate Bond Yield Average - Monthly Average Corporates, as published by Moody's Investors Service, Inc. This "dynamic" interest basis is recalculated at twelve month intervals, and is automatically adjusted if the recalculation produces a significant change, thus the maximum interest rates are adjusted to current conditions.

A new formula for calculating the expense allowance, used in the Standard Nonforfeiture Law for Life Insurance, is also defined in this law. This formula reflects current patterns of expenses.

As a result of all these changes, it can reasonably be assumed that most insurance companies will make consistent reductions in gross premiums.

**1982— SUMMARY OF MASSACHUSETTS
MAJOR PROPERTY AND CASUALTY COVERAGES**

	Premiums Written	Premiums Earned	Losses Paid	Losses Incurred	W/P Loss Ratio	E/I Loss Ratio
Fire	74,701	74,796	36,040	34,006	48.3	45.5
Allied Lines	28,791	27,945	9,417	10,015	32.7	35.8
Home Owners	439,797	420,293	168,334	174,422	38.3	41.5
Commercial Multi-Peril	231,050	225,380	118,257	114,765	51.2	50.9
Inland Marine	75,366	72,800	54,706	48,327	72.6	66.4
Workers Compensation	510,160	494,215	338,565	405,550	66.4	82.1
Auto No Fault (Private Passengers)	41,199	39,467	28,537	28,732	69.3	72.8
Auto No Fault (Commercial)	3,242	3,227	2,648	3,309	81.7	102.6
Auto Liability (Private Passengers)	667,952	628,878	388,479	478,740	58.2	76.1
Auto Liability (Commercial)	156,816	151,895	103,989	126,539	66.3	83.3
Auto Physical Damage (Private Passengers)	563,513	529,919	347,998	350,118	61.8	66.1
Auto Physical Damage (Commercial)	95,724	92,530	57,004	57,900	59.6	62.6
Other Liability	193,622	192,344	93,990	134,311	48.5	69.8
(000) Omitted						

**1982 — SUMMARY OF MASSACHUSETTS
DIRECT PREMIUMS AND NUMBER OF POLICIES
ISSUED AND IN FORCE FOR THE MAJOR LINES OF LIFE INSURANCE**

	Direct Premiums	Policies Issued	Policies in Force
Ordinary	790,405	13,034,428	51,597,536
Credit Life (Gr. & Ind.)	20,750	922,925	2,770,709
Group	229,103	6,667,006	54,546,092
Industrial	1,659	10,901	423,478
Total Life Insurance Including Annuity Considerations—	1,487,039	20,605,261	109,337,635

(000) omitted

1982 — SUMMARY OF MASSACHUSETTS ACCIDENT AND HEALTH INSURANCE EXPERIENCE

	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred	W/P Loss Ratio	E/I Loss Ratio
Group	621,923	642,898	512,674	527,530	82.4	82.1
Credit (Gr. & Ind.)	7,888	7,419	3,591	3,422	45.5	46.1
Collectively Renewable	9,075	9,550	6,589	6,828	72.6	71.5
Non-Cancellable	41,971	39,775	16,290	23,028	38.8	57.9
Guaranteed Renewable	22,419	22,833	14,205	14,633	63.4	64.1
All Other	24,094	23,791	16,321	17,944	67.7	75.4
Total	727,368	746,266	569,670	593,384	78.3	79.5

(000) omitted